

House Engrossed

State of Arizona
House of Representatives
Forty-seventh Legislature
First Regular Session
2005

CHAPTER 297

HOUSE BILL 2621

AN ACT

AMENDING SECTIONS 38-783, 38-817 AND 38-906, ARIZONA REVISED STATUTES;
AMENDING SECTION 38-857, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2003,
CHAPTER 247, SECTION 3; MAKING AN APPROPRIATION; RELATING TO PUBLIC RETIREES'
HEALTH INSURANCE SUBSIDIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 38-783, Arizona Revised Statutes, is amended to read:

38-783. Retired members; dependents; health insurance; premium payment; separate account; definitions

A. Subject to subsections J, K and L of this section, the board shall pay from ASRS assets part of the single coverage premium of any health and accident insurance for each retired, contingent annuitant or disabled member of ASRS if the member elects to participate in the coverage provided by ASRS or section 38-651.01 or elects to participate in a health and accident insurance program provided or administered by an employer or paid for, in whole or in part, by an employer to an insurer. A contingent annuitant must be receiving a monthly retirement benefit from ASRS in order to obtain any premium payment provided by this section. The board shall pay:

1. Up to one hundred fifty dollars per month for a member of ASRS who is not eligible for medicare if the retired or disabled member has ten or more years of credited service.

2. Up to one hundred dollars per month for each member of ASRS who is eligible for medicare if the retired or disabled member has ten or more years of credited service.

B. Subject to subsections J, K and L of this section, the board shall pay from ASRS assets part of the family coverage premium of any health and accident insurance for a retired, contingent annuitant or disabled member of ASRS who elects family coverage and who otherwise qualifies for payment pursuant to subsection A of this section. If a member of ASRS and the member's spouse are both either retired or disabled under ASRS and apply for family coverage, the member who elects family coverage is entitled to receive the payments under this section as if they were both applying under a single coverage premium unless the payment under this section for family coverage is greater. Payment under this subsection is in the following amounts:

1. Up to two hundred sixty dollars per month if the member of ASRS and one or more dependents are not eligible for medicare.

2. Up to one hundred seventy dollars per month if the member of ASRS and one or more dependents are eligible for medicare.

3. Up to two hundred fifteen dollars per month if either:

(a) The member of ASRS is not eligible for medicare and one or more dependents are eligible for medicare.

(b) The member of ASRS is eligible for medicare and one or more dependents are not eligible for medicare.

C. In addition each retired, contingent annuitant or disabled member of ASRS with less than ten years of credited service and a dependent of such a retired, contingent annuitant or disabled member who elects to participate in the coverage provided by ASRS or section 38-651.01 or who elects to participate in a health and accident insurance program provided or administered by an employer or paid for, in whole or in part, by an employer

1 to an insurer is entitled to receive a proportion of the full benefit
2 prescribed by subsection A, B, E, or F, O OR P of this section according to
3 the following schedule:

- 4 1. 9.0 to 9.9 years of credited service, ninety per cent.
- 5 2. 8.0 to 8.9 years of credited service, eighty per cent.
- 6 3. 7.0 to 7.9 years of credited service, seventy per cent.
- 7 4. 6.0 to 6.9 years of credited service, sixty per cent.
- 8 5. 5.0 to 5.9 years of credited service, fifty per cent.
- 9 6. Those with less than five years of credited service do not qualify

10 for the benefit.

11 D. The board shall not pay more than the amount prescribed in this
12 section for a member of ASRS.

13 E. In addition to the payments provided by subsection A of this
14 section, through June 30, 2005, the board shall pay an insurance premium
15 benefit for medical coverage, not including limited benefit coverage as
16 defined in section 20-1137, for each retired, contingent annuitant or
17 disabled member of ASRS who is eligible for a premium benefit payment
18 pursuant to subsection A of this section and who lives in a nonservice area
19 as follows:

20 1. Up to three hundred dollars per month for a member of ASRS who is
21 not eligible for medicare if the retired or disabled member has ten or more
22 years of credited service. ~~From and after June 30, 2003,~~ To qualify for this
23 additional benefit, a retired or disabled member of ASRS shall pay
24 out-of-pocket medical insurance premiums of at least one hundred twenty-five
25 dollars per month.

26 2. Up to one hundred seventy dollars per month for a member of ASRS
27 who is eligible for medicare if the retired or disabled member has ten or
28 more years of credited service. ~~From and after June 30, 2003,~~ To qualify for
29 this additional benefit, a retired or disabled member of ASRS shall pay
30 out-of-pocket medical insurance premiums of at least one hundred dollars per
31 month.

32 F. In addition to the payments provided by subsection B of this
33 section, through June 30, 2005, the board shall pay from ASRS assets part of
34 the family coverage premium for medical coverage, not including limited
35 benefit coverage as defined in section 20-1137, for a retired, contingent
36 annuitant or disabled member of ASRS who is eligible for a premium benefit
37 payment pursuant to subsection B of this section, who is enrolled in a family
38 medical plan and who lives in a nonservice area as follows:

39 1. Up to six hundred dollars per month if the member of ASRS and one
40 or more dependents are not eligible for medicare and the retired or disabled
41 member of ASRS has ten or more years of credited service. ~~From and after~~
42 ~~June 30, 2003,~~ To qualify for this additional benefit, a retired or disabled
43 member shall pay out-of-pocket medical insurance premiums of at least four
44 hundred twenty-five dollars per month.

1 2. Up to three hundred fifty dollars per month if the member of ASRS
2 and one or more dependents are eligible for medicare and the retired or
3 disabled member of ASRS has ten or more years of credited service. ~~From and~~
4 ~~after June 30, 2003,~~ To qualify for this additional benefit, a retired or
5 disabled member shall pay out-of-pocket medical insurance premiums of at
6 least two hundred dollars per month.

7 3. If the retired or disabled member of ASRS has ten or more years of
8 credited service, up to four hundred seventy dollars per month if either:

9 (a) The member of ASRS is not eligible for medicare and one or more
10 dependents are eligible for medicare.

11 (b) The member of ASRS is eligible for medicare and one or more
12 dependents are not eligible for medicare.

13 ~~From and after June 30, 2003,~~ To qualify for this additional benefit, a
14 retired or disabled member shall pay out-of-pocket medical insurance premiums
15 of at least four hundred dollars per month.

16 G. A retired, contingent annuitant or disabled member of ASRS who is
17 enrolled in a managed care program in a nonservice area is not eligible for
18 the payment prescribed in subsection E, ~~or~~ F, O OR P of this section if the
19 member terminates coverage under the managed care program.

20 H. A retired, contingent annuitant or disabled member of ASRS may
21 elect to purchase individual health care coverage and receive a payment
22 pursuant to this section through the retired or disabled member's employer if
23 that employer assumes the administrative functions associated with the
24 payment, including verification that the payment is used to pay for health
25 insurance coverage if the payment is made to the retired or disabled member.

26 I. The board shall establish a separate account that consists of the
27 benefits provided by this section. The board shall not use or divert any
28 part of the corpus or income of the account for any purpose other than the
29 provision of benefits under this section unless the liabilities of ASRS to
30 provide the benefits are satisfied. If the liabilities of ASRS to provide
31 the benefits described in this section are satisfied, the board shall return
32 any amount remaining in the account to the employer.

33 J. Payment of the benefits provided by this section is subject to the
34 following conditions:

35 1. The payment of the benefits is subordinate to the payment of
36 retirement benefits payable by ASRS.

37 2. The total of contributions for the benefits and actual
38 contributions for life insurance protection, if any, shall not exceed
39 twenty-five per cent of the total actual employer and employee contributions
40 to ASRS, less contributions to fund past service credits, after the day the
41 account is established.

42 3. The board shall deposit the benefits provided by this section in
43 the account.

1 4. The contributions by the employer to the account shall be
2 reasonable and ascertainable.

3 K. A member who elects to receive a retirement benefit pursuant to
4 section 38-760, subsection B, paragraph 1 may elect at the time of retirement
5 an optional form of health and accident insurance premium benefit payment
6 pursuant to this subsection as follows:

7 1. The optional premium benefit payment shall be an amount prescribed
8 by subsection A, B, C, E, or F, O OR P of this section that is actuarially
9 reduced to the retiring member for life. The amount of the optional premium
10 benefit payment shall be the actuarial equivalent of the premium benefit
11 payment to which the retired member would otherwise be entitled. The
12 election in a manner prescribed by the board shall name the contingent
13 annuitant and may be revoked at any time before the retiring member's
14 effective date of retirement. At any time after benefits have commenced, the
15 member may name a different contingent annuitant or rescind the election by
16 written notice to the board as follows:

17 (a) If the retired member names a different contingent annuitant, the
18 optional premium benefit payment shall be adjusted to the actuarial
19 equivalent of the original premium benefit payment based on the age of the
20 new contingent annuitant. The adjustment shall include all postretirement
21 increases or decreases in amounts prescribed by subsection A, B, C, E, or F,
22 O OR P of this section that are authorized by law after the retired member's
23 date of retirement. Payment of this adjusted premium benefit payment shall
24 continue under the provisions of the optional premium benefit payment
25 previously elected by the retired member. A retired member cannot name a
26 different contingent annuitant if the retired member has at any time
27 rescinded the optional form of health and accident insurance premium benefit
28 payment.

29 (b) If the retired member rescinds the election, the retired member
30 shall thereafter receive the premium benefit payment that the retired member
31 would otherwise be entitled to receive if the retired member had not elected
32 the optional premium benefit payment, including all postretirement increases
33 or decreases in amounts prescribed by subsection A, B, C, E, or F, O OR P of
34 this section that are authorized by law after the member's date of
35 retirement. The increased benefit payment shall continue during the
36 remainder of the retired member's lifetime. The decision to rescind shall be
37 irrevocable.

38 2. If, at the time of the retired member's death:

39 (a) The retired member was receiving a reduced premium benefit payment
40 based on an amount prescribed in subsection B, C, or F OR P of this section
41 and the contingent annuitant is eligible for family health and accident
42 insurance coverage, the contingent annuitant is entitled to receive a premium
43 benefit payment based on an amount prescribed in subsection B, C, or F OR P
44 of this section times the reduction factor applied to the retired member's
45 premium benefit payment times the joint and survivor option reduction factor

1 elected by the retired member at the time of retirement pursuant to section
2 38-760, subsection B, paragraph 1.

3 (b) The retired member was receiving a reduced premium benefit payment
4 based on an amount prescribed in subsection A, C, ~~or~~ E OR O of this section
5 and the contingent annuitant is eligible for single health and accident
6 insurance coverage, the contingent annuitant is entitled to receive a premium
7 benefit payment based on an amount prescribed in subsection A, C, ~~or~~ E OR O
8 of this section times the reduction factor applied to the retired member's
9 premium benefit payment times the joint and survivor option reduction factor
10 elected by the retired member at the time of retirement pursuant to section
11 38-760, subsection B, paragraph 1.

12 (c) The retired member was receiving a reduced premium benefit payment
13 based on an amount prescribed in subsection B, C, ~~or~~ F OR P of this section
14 and the contingent annuitant is not eligible for family health and accident
15 insurance coverage, the contingent annuitant is entitled to receive a premium
16 benefit payment based on an amount prescribed in subsection A, C, ~~or~~ E OR O
17 of this section times the reduction factor applied to the retired member's
18 premium benefit payment times the joint and survivor option reduction factor
19 elected by the retired member at the time of retirement pursuant to section
20 38-760, subsection B, paragraph 1.

21 L. A member who elects to receive a retirement benefit pursuant to
22 section 38-760, subsection B, paragraph 2 may elect at the time of retirement
23 an optional form of health and accident insurance premium benefit payment
24 pursuant to this subsection as follows:

25 1. The optional premium benefit payment shall be an amount prescribed
26 by subsection A, B, C, E, ~~or~~ F, O OR P of this section that is actuarially
27 reduced with payments for five, ten or fifteen years that are not dependent
28 on the continued lifetime of the retired member but whose payments continue
29 for the retired member's lifetime beyond the five, ten or fifteen year
30 period. The election in a manner prescribed by the board shall name the
31 contingent annuitant and may be revoked at any time before the retiring
32 member's effective date of retirement. At any time after benefits have
33 commenced, the member may name a different contingent annuitant or rescind
34 the election by written notice to the board. If the retired member rescinds
35 the election, the retired member shall thereafter receive the premium benefit
36 payment that the retired member would otherwise be entitled to receive if the
37 retired member had not elected the optional premium benefit payment,
38 including all postretirement increases or decreases in amounts prescribed by
39 subsection A, B, C, E, ~~or~~ F, O OR P of this section that are authorized by
40 law after the member's date of retirement. The increased benefit payment
41 shall continue during the remainder of the retired member's lifetime. The
42 decision to rescind shall be irrevocable.

1 2. If, at the time of the retired member's death:

2 (a) The retired member was receiving a reduced premium benefit payment
3 based on an amount prescribed in subsection B, C, ~~or~~ F OR P of this section
4 and the contingent annuitant is eligible for family health and accident
5 insurance coverage, the contingent annuitant is entitled to receive a premium
6 benefit payment based on an amount prescribed in subsection B, C, ~~or~~ F OR P
7 of this section times the period certain and life option reduction factor
8 elected by the retired member at the time of retirement pursuant to section
9 38-760, subsection B, paragraph 2.

10 (b) The retired member was receiving a reduced premium benefit payment
11 based on an amount prescribed in subsection A, C, ~~or~~ E OR O of this section
12 and the contingent annuitant is eligible for single health and accident
13 insurance coverage, the contingent annuitant is entitled to receive a premium
14 benefit payment based on an amount prescribed in subsection A, C, ~~or~~ E OR O
15 of this section times the period certain and life option reduction factor
16 elected by the retired member at the time of retirement pursuant to section
17 38-760, subsection B, paragraph 2.

18 (c) The retired member was receiving a reduced premium benefit payment
19 based on an amount prescribed in subsection B, C, ~~or~~ F OR P of this section
20 and the contingent annuitant is not eligible for family health and accident
21 insurance coverage, the contingent annuitant is entitled to receive a premium
22 benefit payment based on an amount prescribed in subsection A, C, ~~or~~ E OR O
23 of this section times the period certain and life option reduction factor
24 elected by the retired member at the time of retirement pursuant to section
25 38-760, subsection B, paragraph 2.

26 M. If, at the time of retirement, a retiring member does not elect to
27 receive a reduced premium benefit payment pursuant to subsection K or L of
28 this section, the retired member's contingent annuitant is not eligible at
29 any time for the optional premium benefit payment.

30 N. A contingent annuitant is not eligible for any premium benefit
31 payment if the contingent annuitant was not enrolled in an eligible health
32 and accident insurance plan at the time of the retired member's death or if
33 the contingent annuitant is not the dependent beneficiary or insured
34 surviving dependent as provided in section 38-782.

35 O. IN ADDITION TO THE PAYMENTS PROVIDED BY SUBSECTION A OF THIS
36 SECTION, BEGINNING JULY 1, 2005 THROUGH JUNE 30, 2007, THE BOARD SHALL PAY AN
37 INSURANCE PREMIUM BENEFIT FOR MEDICAL COVERAGE, NOT INCLUDING LIMITED BENEFIT
38 COVERAGE AS DEFINED IN SECTION 20-1137, FOR EACH MEDICARE ELIGIBLE RETIRED,
39 CONTINGENT ANNUITANT OR DISABLED MEMBER OF ASRS WHO IS ELIGIBLE FOR A PREMIUM
40 BENEFIT PAYMENT PURSUANT TO SUBSECTION A OF THIS SECTION AND WHO LIVES IN A
41 NONSERVICE AREA OF UP TO ONE HUNDRED SEVENTY DOLLARS PER MONTH FOR A MEMBER
42 OF ASRS WHO IS ELIGIBLE FOR MEDICARE IF THE RETIRED OR DISABLED MEMBER HAS
43 TEN OR MORE YEARS OF CREDITED SERVICE. TO QUALIFY FOR THIS ADDITIONAL
44 BENEFIT, A RETIRED OR DISABLED MEMBER OF ASRS SHALL PAY OUT-OF-POCKET MEDICAL
45 INSURANCE PREMIUMS OF AT LEAST ONE HUNDRED DOLLARS PER MONTH.

1 P. IN ADDITION TO THE PAYMENTS PROVIDED BY SUBSECTION B OF THIS
2 SECTION, BEGINNING JULY 1, 2005 THROUGH JUNE 30, 2007, THE BOARD SHALL PAY
3 FROM ASRS ASSETS PART OF THE FAMILY COVERAGE PREMIUM FOR MEDICAL COVERAGE,
4 NOT INCLUDING LIMITED BENEFIT COVERAGE AS DEFINED IN SECTION 20-1137, FOR A
5 MEDICARE ELIGIBLE RETIRED, CONTINGENT ANNUITANT OR DISABLED MEMBER OF ASRS
6 WHO IS ELIGIBLE FOR A PREMIUM BENEFIT PAYMENT PURSUANT TO SUBSECTION B OF
7 THIS SECTION, WHO IS ENROLLED IN A FAMILY MEDICAL PLAN AND WHO LIVES IN A
8 NONSERVICE AREA AS FOLLOWS:

9 1. UP TO THREE HUNDRED FIFTY DOLLARS PER MONTH IF THE MEMBER OF ASRS
10 AND ONE OR MORE DEPENDENTS ARE ELIGIBLE FOR MEDICARE AND THE RETIRED OR
11 DISABLED MEMBER OF ASRS HAS TEN OR MORE YEARS OF CREDITED SERVICE. TO
12 QUALIFY FOR THIS ADDITIONAL BENEFIT, A RETIRED OR DISABLED MEMBER SHALL PAY
13 OUT-OF-POCKET MEDICAL INSURANCE PREMIUMS OF AT LEAST TWO HUNDRED DOLLARS PER
14 MONTH.

15 2. IF THE RETIRED OR DISABLED MEMBER OF ASRS HAS TEN OR MORE YEARS OF
16 CREDITED SERVICE, UP TO FOUR HUNDRED SEVENTY DOLLARS PER MONTH IF THE MEMBER
17 OF ASRS IS ELIGIBLE FOR MEDICARE AND ONE OR MORE DEPENDENTS ARE NOT ELIGIBLE
18 FOR MEDICARE. TO QUALIFY FOR THIS ADDITIONAL BENEFIT, A RETIRED OR DISABLED
19 MEMBER SHALL PAY OUT-OF-POCKET MEDICAL INSURANCE PREMIUMS OF AT LEAST FOUR
20 HUNDRED DOLLARS PER MONTH.

21 ~~0.~~ Q. For the purposes of this section:

22 1. "Account" means the separate account established pursuant to
23 subsection I of this section.

24 2. "Credited service" includes prior service.

25 3. "Nonservice area" means an area in this state in which ASRS
26 pursuant to section 38-782, the department of administration pursuant to
27 section 38-651.01 or any employer does not provide or administer a health
28 care services organization program, excluding any preferred provider
29 organization program or individual health indemnity policy, for which the
30 retired, contingent annuitant or disabled member of ASRS is eligible.

31 4. "Prior service" means service for this state or a political
32 subdivision of this state before membership in the defined contribution
33 program administered by ASRS.

34 Sec. 2. Section 38-817, Arizona Revised Statutes, is amended to read:

35 38-817. Group health and accident coverage for retired members;
36 payment; definition

37 A. The fund manager shall pay from the assets of the fund part of the
38 single coverage premium of any group health and accident insurance for each
39 retired member or survivor of the elected officials' retirement plan who
40 receives a pension if the retired member had eight or more years of credited
41 service under the plan. In order to qualify for payment pursuant to this
42 subsection, the retired member or survivor shall elect single coverage and
43 must have elected to participate in the coverage provided in section
44 38-651.01 or 38-782 or any other health and accident insurance coverage

1 provided or administered by a participating employer of the elected
2 officials' retirement plan. The fund manager shall pay up to:

3 1. One hundred fifty dollars per month for each retired member or
4 survivor of the plan who is not eligible for medicare.

5 2. One hundred dollars per month for each retired member or survivor
6 of the plan who is eligible for medicare.

7 B. The fund manager shall pay from the assets of the fund part of the
8 family coverage premium of any group health and accident insurance each month
9 for a benefit recipient who elects family coverage and who otherwise
10 qualifies for payment pursuant to subsection A of this section. The fund
11 manager shall pay up to:

12 1. Two hundred sixty dollars per month if the retired member or
13 survivor of the plan and one or more dependents are not eligible for
14 medicare.

15 2. One hundred seventy dollars per month if the retired member or
16 survivor of the plan and one or more dependents are eligible for medicare.

17 3. Two hundred fifteen dollars per month if either:

18 (a) The retired member or survivor of the plan is not eligible for
19 medicare and one or more dependents are eligible for medicare.

20 (b) The retired member or survivor of the plan is eligible for
21 medicare and one or more dependents are not eligible for medicare.

22 C. Each retired member or survivor of the plan with less than eight
23 years of credited service and a dependent of such a retired member or
24 survivor who participates in the coverage provided by section 38-651.01 or
25 38-782 or who participates in any other health and accident insurance
26 coverage provided or administered by a participating employer of the plan is
27 entitled to receive a proportion of the full benefit prescribed by subsection
28 A, B, E, ~~or~~ F, G OR H of this section according to the following schedule:

29 1. 7.0 to 7.9 years of credited service, ninety per cent.

30 2. 6.0 to 6.9 years of credited service, seventy-five per cent.

31 3. 5.0 to 5.9 years of credited service, sixty per cent.

32 4. Those with less than five years of credited service do not qualify
33 for the benefit.

34 D. The fund manager shall not pay more than the amount prescribed in
35 this section for a benefit recipient as a member or survivor of the plan.

36 E. In addition to the payments provided by subsection A of this
37 section, through June 30, 2005, the fund manager shall pay an insurance
38 premium benefit for medical coverage, not including limited benefit coverage
39 as defined in section 20-1137, for each retired member or survivor of the
40 plan who is entitled to a premium benefit payment pursuant to subsection A of
41 this section and who lives in a nonservice area as follows:

42 1. Up to three hundred dollars per month for a retired member or
43 survivor of the plan who is not eligible for medicare and who has eight or
44 more years of credited service. ~~From and after June 30, 2003, To qualify for~~
45 this additional benefit, a retired member or survivor shall pay out-of-pocket

1 medical insurance premiums of at least one hundred twenty-five dollars per
2 month.

3 2. Up to one hundred seventy dollars per month for a retired member or
4 survivor of the plan who is eligible for medicare and who has eight or more
5 years of credited service. ~~From and after June 30, 2003,~~ To qualify for this
6 additional benefit, a retired member or survivor shall pay out-of-pocket
7 medical insurance premiums of at least one hundred dollars per month.

8 F. In addition to the payments provided by subsection B of this
9 section, through June 30, 2005, the fund manager shall pay an insurance
10 premium benefit for medical coverage, not including limited benefit coverage
11 as defined in section 20-1137, for a retired member or survivor of the plan
12 who is entitled to a premium benefit payment pursuant to subsection B of this
13 section, who is enrolled in a family medical plan and who lives in a
14 nonservice area as follows:

15 1. Up to six hundred dollars per month if the retired member or
16 survivor of the plan and one or more dependents are not eligible for medicare
17 and the retired member or survivor of the plan has eight or more years of
18 credited service. ~~From and after June 30, 2003,~~ To qualify for this
19 additional benefit, a retired member or survivor shall pay out-of-pocket
20 medical insurance premiums of at least four hundred twenty-five dollars per
21 month.

22 2. Up to three hundred fifty dollars per month if the retired member
23 or survivor of the plan and one or more dependents are eligible for medicare
24 and the retired member or survivor of the plan has eight or more years of
25 credited service. ~~From and after June 30, 2003,~~ To qualify for this
26 additional benefit, a retired member or survivor shall pay out-of-pocket
27 medical insurance premiums of at least two hundred dollars per month.

28 3. If the retired member or survivor of the plan has eight or more
29 years of credited service, up to four hundred seventy dollars per month if
30 either:

31 (a) The retired member or survivor of the plan is not eligible for
32 medicare and one or more dependents are eligible for medicare.

33 (b) The retired member or survivor of the plan is eligible for
34 medicare and one or more dependents are not eligible for medicare.

35 ~~From and after June 30, 2003,~~ To qualify for this additional benefit, a
36 retired member or survivor shall pay out-of-pocket medical insurance premiums
37 of at least four hundred dollars per month.

38 G. IN ADDITION TO THE PAYMENTS PROVIDED BY SUBSECTION A OF THIS
39 SECTION, BEGINNING JULY 1, 2005 THROUGH JUNE 30, 2007, THE FUND MANAGER SHALL
40 PAY AN INSURANCE PREMIUM BENEFIT FOR MEDICAL COVERAGE, NOT INCLUDING LIMITED
41 BENEFIT COVERAGE AS DEFINED IN SECTION 20-1137, FOR EACH MEDICARE ELIGIBLE
42 RETIRED MEMBER OR SURVIVOR OF THE PLAN WHO IS ENTITLED TO A PREMIUM BENEFIT
43 PAYMENT PURSUANT TO SUBSECTION A OF THIS SECTION AND WHO LIVES IN A
44 NONSERVICE AREA OF UP TO ONE HUNDRED SEVENTY DOLLARS PER MONTH FOR A RETIRED
45 MEMBER OR SURVIVOR OF THE PLAN WHO IS ELIGIBLE FOR MEDICARE AND WHO HAS EIGHT

1 OR MORE YEARS OF CREDITED SERVICE. TO QUALIFY FOR THIS ADDITIONAL BENEFIT, A
2 RETIRED MEMBER OR SURVIVOR SHALL PAY OUT-OF-POCKET MEDICAL INSURANCE PREMIUMS
3 OF AT LEAST ONE HUNDRED DOLLARS PER MONTH.

4 H. IN ADDITION TO THE PAYMENTS PROVIDED BY SUBSECTION B OF THIS
5 SECTION, BEGINNING JULY 1, 2005 THROUGH JUNE 30, 2007, THE FUND MANAGER SHALL
6 PAY AN INSURANCE PREMIUM BENEFIT FOR MEDICAL COVERAGE, NOT INCLUDING LIMITED
7 BENEFIT COVERAGE AS DEFINED IN SECTION 20-1137, FOR A MEDICARE ELIGIBLE
8 RETIRED MEMBER OR SURVIVOR OF THE PLAN WHO IS ENTITLED TO A PREMIUM BENEFIT
9 PAYMENT PURSUANT TO SUBSECTION B OF THIS SECTION, WHO IS ENROLLED IN A FAMILY
10 MEDICAL PLAN AND WHO LIVES IN A NONSERVICE AREA AS FOLLOWS:

11 1. UP TO THREE HUNDRED FIFTY DOLLARS PER MONTH IF THE RETIRED MEMBER
12 OR SURVIVOR OF THE PLAN AND ONE OR MORE DEPENDENTS ARE ELIGIBLE FOR MEDICARE
13 AND THE RETIRED MEMBER OR SURVIVOR OF THE PLAN HAS EIGHT OR MORE YEARS OF
14 CREDITED SERVICE. TO QUALIFY FOR THIS ADDITIONAL BENEFIT, A RETIRED MEMBER
15 OR SURVIVOR SHALL PAY OUT-OF-POCKET MEDICAL INSURANCE PREMIUMS OF AT LEAST
16 TWO HUNDRED DOLLARS PER MONTH.

17 2. IF THE RETIRED MEMBER OR SURVIVOR OF THE PLAN HAS EIGHT OR MORE
18 YEARS OF CREDITED SERVICE, UP TO FOUR HUNDRED SEVENTY DOLLARS PER MONTH
19 IF THE RETIRED MEMBER OR SURVIVOR OF THE PLAN IS ELIGIBLE FOR MEDICARE AND
20 ONE OR MORE DEPENDENTS ARE NOT ELIGIBLE FOR MEDICARE. TO QUALIFY FOR THIS
21 ADDITIONAL BENEFIT, A RETIRED MEMBER OR SURVIVOR SHALL PAY OUT-OF-POCKET
22 MEDICAL INSURANCE PREMIUMS OF AT LEAST FOUR HUNDRED DOLLARS PER MONTH.

23 ~~G.~~ I. A retired member or survivor of the plan who is enrolled in a
24 managed care program in a nonservice area is not eligible for the payment
25 prescribed in subsection E, ~~or~~ F, G OR H of this section if the member
26 terminates coverage under the managed care program.

27 ~~H.~~ J. A retired member or survivor of the plan may elect to purchase
28 individual health care coverage and receive a payment pursuant to this
29 section through the retired member's employer if that employer assumes the
30 administrative functions associated with the payment, including verification
31 that the payment is used to pay for health insurance coverage if the payment
32 is made to the retired member or survivor of the plan.

33 ~~I.~~ K. For the purposes of this section, "nonservice area" means an
34 area in this state in which the Arizona state retirement system pursuant to
35 section 38-782, the department of administration pursuant to section
36 38-651.01 or the member's or survivor's participating employer does not
37 provide or administer a health care services organization program, excluding
38 any preferred provider organization program or individual health indemnity
39 policy, for which the retired member or survivor of the plan is eligible.

40 Sec. 3. Section 38-857, Arizona Revised Statutes, as amended by Laws
41 2003, chapter 247, section 3, is amended to read:

42 38-857. Group health and accident coverage for retired members;
43 payment; definition

44 A. The fund manager of the public safety personnel retirement system
45 shall pay part of the single coverage premium of any group health and

1 accident insurance for each retired member or survivor of the system who
2 receives a pension and who has elected to participate in the coverage
3 provided by section 38-651.01 or 38-782 or any other health and accident
4 insurance coverage provided or administered by a participating employer of
5 the system. The fund manager shall pay up to:

6 1. One hundred fifty dollars per month for each retired member or
7 survivor of the system who is not eligible for medicare.

8 2. One hundred dollars per month for each retired member or survivor
9 of the system who is eligible for medicare.

10 B. The fund manager of the system shall pay from assets of the fund
11 part of the family coverage premium of any group health and accident
12 insurance each month for a benefit recipient who elects family coverage and
13 otherwise qualifies for payment pursuant to subsection A of this
14 section. The fund manager shall pay up to:

15 1. Two hundred sixty dollars per month if the retired member or
16 survivor of the system and one or more dependents are not eligible for
17 medicare.

18 2. One hundred seventy dollars per month if the retired member or
19 survivor of the system and one or more dependents are eligible for medicare.

20 3. Two hundred fifteen dollars per month if either:

21 (a) The retired member or survivor of the system is not eligible for
22 medicare and one or more dependents are eligible for medicare.

23 (b) The retired member or survivor of the system is eligible for
24 medicare and one or more dependents are not eligible for medicare.

25 C. The fund manager shall not pay from assets of the fund more than
26 the amount prescribed in this section for a benefit recipient as a member or
27 survivor of the system.

28 D. This section does not apply to a retired member or survivor of the
29 system who is reemployed by this state or a political subdivision of this
30 state and who participates in coverage provided by this state or a political
31 subdivision of this state as an active employee.

32 E. In addition to the payments provided by subsection A of this
33 section, through June 30, 2005, the fund manager shall pay an insurance
34 premium benefit for medical coverage, not including limited benefit coverage
35 as defined in section 20-1137, for each retired member or survivor of the
36 system who is entitled to a premium benefit payment pursuant to subsection A
37 of this section and who lives in a nonservice area as follows:

38 1. Up to three hundred dollars per month for a retired member or
39 survivor of the system who is not eligible for medicare. ~~From and after June~~
40 ~~30, 2003,~~ To qualify for this additional benefit, a retired member or
41 survivor shall pay out-of-pocket medical insurance premiums of at least one
42 hundred twenty-five dollars per month.

43 2. Up to one hundred seventy dollars per month for a retired member or
44 survivor of the system who is eligible for medicare. ~~From and after June 30,~~
45 ~~2003,~~ To qualify for this additional benefit, a retired member or survivor

1 shall pay out-of-pocket medical insurance premiums of at least one hundred
2 dollars per month.

3 F. In addition to the payments provided by subsection B of this
4 section, through June 30, 2005, the fund manager shall pay an insurance
5 premium benefit for medical coverage, not including limited benefit coverage
6 as defined in section 20-1137, for a retired member or survivor of the system
7 who is entitled to a premium benefit payment pursuant to subsection B of this
8 section, who is enrolled in a family medical plan and who lives in a
9 nonservice area as follows:

10 1. Up to six hundred dollars per month if the retired member or
11 survivor of the system and one or more dependents are not eligible for
12 medicare. ~~From and after June 30, 2003,~~ To qualify for this additional
13 benefit, a retired member or survivor shall pay out-of-pocket medical
14 insurance premiums of at least four hundred twenty-five dollars per month.

15 2. Up to three hundred fifty dollars per month if the retired member
16 or survivor of the system and one or more dependents are eligible for
17 medicare. ~~From and after June 30, 2003,~~ To qualify for this additional
18 benefit, a retired member or survivor shall pay out-of-pocket medical
19 insurance premiums of at least two hundred dollars per month.

20 3. Up to four hundred seventy dollars per month if either:

21 (a) The retired member or survivor of the system is not eligible for
22 medicare and one or more dependents are eligible for medicare.

23 (b) The retired member or survivor of the system is eligible for
24 medicare and one or more dependents are not eligible for medicare.

25 ~~From and after June 30, 2003,~~ To qualify for this additional benefit, a
26 retired member or survivor shall pay out-of-pocket medical insurance premiums
27 of at least four hundred dollars per month.

28 G. IN ADDITION TO THE PAYMENTS PROVIDED BY SUBSECTION A OF THIS
29 SECTION, BEGINNING JULY 1, 2005 THROUGH JUNE 30, 2007, THE FUND MANAGER SHALL
30 PAY AN INSURANCE PREMIUM BENEFIT FOR MEDICAL COVERAGE, NOT INCLUDING LIMITED
31 BENEFIT COVERAGE AS DEFINED IN SECTION 20-1137, FOR EACH MEDICARE ELIGIBLE
32 RETIRED MEMBER OR SURVIVOR OF THE SYSTEM WHO IS ENTITLED TO A PREMIUM BENEFIT
33 PAYMENT PURSUANT TO SUBSECTION A OF THIS SECTION AND WHO LIVES IN A
34 NONSERVICE AREA OF UP TO ONE HUNDRED SEVENTY DOLLARS PER MONTH FOR A RETIRED
35 MEMBER OR SURVIVOR OF THE SYSTEM WHO IS ELIGIBLE FOR MEDICARE. TO QUALIFY
36 FOR THIS ADDITIONAL BENEFIT, A RETIRED MEMBER OR SURVIVOR SHALL PAY
37 OUT-OF-POCKET MEDICAL INSURANCE PREMIUMS OF AT LEAST ONE HUNDRED DOLLARS PER
38 MONTH.

39 H. IN ADDITION TO THE PAYMENTS PROVIDED BY SUBSECTION B OF THIS
40 SECTION, BEGINNING JULY 1, 2005 THROUGH JUNE 30, 2007, THE FUND MANAGER SHALL
41 PAY AN INSURANCE PREMIUM BENEFIT FOR MEDICAL COVERAGE, NOT INCLUDING LIMITED
42 BENEFIT COVERAGE AS DEFINED IN SECTION 20-1137, FOR A MEDICARE ELIGIBLE
43 RETIRED MEMBER OR SURVIVOR OF THE SYSTEM WHO IS ENTITLED TO A PREMIUM BENEFIT
44 PAYMENT PURSUANT TO SUBSECTION B OF THIS SECTION, WHO IS ENROLLED IN A FAMILY
45 MEDICAL PLAN AND WHO LIVES IN A NONSERVICE AREA AS FOLLOWS:

1 1. UP TO THREE HUNDRED FIFTY DOLLARS PER MONTH IF THE RETIRED MEMBER
2 OR SURVIVOR OF THE SYSTEM AND ONE OR MORE DEPENDENTS ARE ELIGIBLE FOR
3 MEDICARE. TO QUALIFY FOR THIS ADDITIONAL BENEFIT, A RETIRED MEMBER OR
4 SURVIVOR SHALL PAY OUT-OF-POCKET MEDICAL INSURANCE PREMIUMS OF AT LEAST TWO
5 HUNDRED DOLLARS PER MONTH.

6 2. UP TO FOUR HUNDRED SEVENTY DOLLARS PER MONTH IF THE RETIRED MEMBER
7 OR SURVIVOR OF THE SYSTEM IS ELIGIBLE FOR MEDICARE AND ONE OR MORE DEPENDENTS
8 ARE NOT ELIGIBLE FOR MEDICARE. TO QUALIFY FOR THIS ADDITIONAL BENEFIT, A
9 RETIRED MEMBER OR SURVIVOR SHALL PAY OUT-OF-POCKET MEDICAL INSURANCE PREMIUMS
10 OF AT LEAST FOUR HUNDRED DOLLARS PER MONTH.

11 ~~G.~~ I. A retired member or survivor of the system who is enrolled in a
12 managed care program in a nonservice area is not eligible for the payment
13 prescribed in subsection E, ~~or~~ F, G OR H of this section if the member
14 terminates coverage under the managed care program.

15 ~~H.~~ J. A retired member or survivor of the system may elect to
16 purchase individual health care coverage and receive a payment pursuant to
17 this section through the retired member's employer if that employer assumes
18 the administrative functions associated with the payment, including
19 verification that the payment is used to pay for health insurance coverage if
20 the payment is made to the retired member or survivor of the system.

21 ~~I.~~ K. For the purposes of this section, "nonservice area" means an
22 area in this state in which the Arizona state retirement system pursuant to
23 section 38-782, the department of administration pursuant to section
24 38-651.01 or the member's or survivor's participating employer does not
25 provide or administer a health care services organization program, excluding
26 any preferred provider organization program or individual health indemnity
27 policy, for which the retired member or survivor of the system is eligible.

28 Sec. 4. Section 38-906, Arizona Revised Statutes, is amended to read:

29 38-906. Group health and accident coverage for retired members;
30 payment; definition

31 A. The fund manager shall pay from the assets of the fund part of the
32 single coverage premium of any group health and accident insurance for each
33 retired member or survivor of the plan who receives a pension and who has
34 elected to participate in coverage provided by section 38-651.01 or 38-782 or
35 any other health and accident insurance coverage provided or administered by
36 a participating employer in the plan. The fund manager shall pay up to:

37 1. One hundred fifty dollars per month for each retired member or
38 survivor of the plan who is not eligible for medicare.

39 2. One hundred dollars per month for each retired member or survivor
40 of the plan who is eligible for medicare.

41 B. The fund manager shall pay from the assets of the fund part of the
42 family coverage premium of any group health and accident insurance for each
43 retired member or survivor of the plan who elects family coverage and who
44 otherwise qualifies for payment pursuant to subsection A of this section.
45 Payment under this subsection is in the following amounts:

1 1. Up to two hundred sixty dollars per month if the retired member or
2 survivor of the plan and one or more dependents are not eligible for
3 medicare.

4 2. Up to one hundred seventy dollars per month if the retired member
5 or survivor of the plan and one or more dependents are eligible for medicare.

6 3. Up to two hundred fifteen dollars if either:

7 (a) The retired member or survivor of the plan is not eligible for
8 medicare and one or more dependents are eligible for medicare.

9 (b) The retired member or survivor of the plan is eligible for
10 medicare and one or more dependents are not eligible for medicare.

11 C. The fund manager shall not pay more than the amount prescribed in
12 this section for a benefit recipient as a member or survivor of the plan.

13 D. In addition to the payments provided by subsection A of this
14 section, through June 30, 2005, the fund manager shall pay an insurance
15 premium benefit for medical coverage, not including limited benefit coverage
16 as defined in section 20-1137, for each retired member or survivor of the
17 plan who is entitled to a premium benefit payment pursuant to subsection A of
18 this section and who lives in a nonservice area as follows:

19 1. Up to three hundred dollars per month for a retired member or
20 survivor of the plan who is not eligible for medicare. ~~From and after June~~
21 ~~30, 2003,~~ To qualify for this additional benefit, a retired member or
22 survivor shall pay out-of-pocket medical insurance premiums of at least one
23 hundred twenty-five dollars per month.

24 2. Up to one hundred seventy dollars per month for a retired member or
25 survivor of the plan who is eligible for medicare. ~~From and after June 30,~~
26 ~~2003,~~ To qualify for this additional benefit, a retired member or survivor
27 shall pay out-of-pocket medical insurance premiums of at least one hundred
28 dollars per month.

29 E. In addition to the payments provided by subsection B of this
30 section, through June 30, 2005, the fund manager shall pay an insurance
31 premium benefit for medical coverage, not including limited benefit coverage
32 as defined in section 20-1137, for a retired member or survivor of the plan
33 who is entitled to a premium benefit payment pursuant to subsection B of this
34 section, who is enrolled in a family medical plan and who lives in a
35 nonservice area as follows:

36 1. Up to six hundred dollars per month if the retired member or
37 survivor of the plan and one or more dependents are not eligible for
38 medicare. ~~From and after June 30, 2003,~~ To qualify for this additional
39 benefit, a retired member or survivor shall pay out-of-pocket medical
40 insurance premiums of at least four hundred twenty-five dollars per month.

41 2. Up to three hundred fifty dollars per month if the retired member
42 or survivor of the plan and one or more dependents are eligible for medicare.
43 ~~From and after June 30, 2003,~~ To qualify for this additional benefit, a
44 retired member or survivor shall pay out-of-pocket medical insurance premiums
45 of at least two hundred dollars per month.

1 3. Up to four hundred seventy dollars per month if either:

2 (a) The retired member or survivor of the plan is not eligible for
3 medicare and one or more dependents are eligible for medicare.

4 (b) The retired member or survivor of the plan is eligible for
5 medicare and one or more dependents are not eligible for medicare.

6 ~~From and after June 30, 2003,~~ To qualify for this additional benefit, a
7 retired member or survivor shall pay out-of-pocket medical insurance premiums
8 of at least four hundred dollars per month.

9 F. IN ADDITION TO THE PAYMENTS PROVIDED BY SUBSECTION A OF THIS
10 SECTION, BEGINNING JULY 1, 2005 THROUGH JUNE 30, 2007, THE FUND MANAGER SHALL
11 PAY AN INSURANCE PREMIUM BENEFIT FOR MEDICAL COVERAGE, NOT INCLUDING LIMITED
12 BENEFIT COVERAGE AS DEFINED IN SECTION 20-1137, FOR EACH MEDICARE ELIGIBLE
13 RETIRED MEMBER OR SURVIVOR OF THE PLAN WHO IS ENTITLED TO A PREMIUM BENEFIT
14 PAYMENT PURSUANT TO SUBSECTION A OF THIS SECTION AND WHO LIVES IN A
15 NONSERVICE AREA OF UP TO ONE HUNDRED SEVENTY DOLLARS PER MONTH FOR A RETIRED
16 MEMBER OR SURVIVOR OF THE PLAN WHO IS ELIGIBLE FOR MEDICARE. TO QUALIFY FOR
17 THIS ADDITIONAL BENEFIT, A RETIRED MEMBER OR SURVIVOR SHALL PAY OUT-OF-POCKET
18 MEDICAL INSURANCE PREMIUMS OF AT LEAST ONE HUNDRED DOLLARS PER MONTH.

19 G. IN ADDITION TO THE PAYMENTS PROVIDED BY SUBSECTION B OF THIS
20 SECTION, BEGINNING JULY 1, 2005 THROUGH JUNE 30, 2007, THE FUND MANAGER SHALL
21 PAY AN INSURANCE PREMIUM BENEFIT FOR MEDICAL COVERAGE, NOT INCLUDING LIMITED
22 BENEFIT COVERAGE AS DEFINED IN SECTION 20-1137, FOR A MEDICARE ELIGIBLE
23 RETIRED MEMBER OR SURVIVOR OF THE PLAN WHO IS ENTITLED TO A PREMIUM BENEFIT
24 PAYMENT PURSUANT TO SUBSECTION B OF THIS SECTION, WHO IS ENROLLED IN A FAMILY
25 MEDICAL PLAN AND WHO LIVES IN A NONSERVICE AREA AS FOLLOWS:

26 1. UP TO THREE HUNDRED FIFTY DOLLARS PER MONTH IF THE RETIRED MEMBER
27 OR SURVIVOR OF THE PLAN AND ONE OR MORE DEPENDENTS ARE ELIGIBLE FOR MEDICARE.
28 TO QUALIFY FOR THIS ADDITIONAL BENEFIT, A RETIRED MEMBER OR SURVIVOR SHALL
29 PAY OUT-OF-POCKET MEDICAL INSURANCE PREMIUMS OF AT LEAST TWO HUNDRED DOLLARS
30 PER MONTH.

31 2. UP TO FOUR HUNDRED SEVENTY DOLLARS PER MONTH IF THE RETIRED MEMBER
32 OR SURVIVOR OF THE PLAN IS ELIGIBLE FOR MEDICARE AND ONE OR MORE DEPENDENTS
33 ARE NOT ELIGIBLE FOR MEDICARE. TO QUALIFY FOR THIS ADDITIONAL BENEFIT, A
34 RETIRED MEMBER OR SURVIVOR SHALL PAY OUT-OF-POCKET MEDICAL INSURANCE PREMIUMS
35 OF AT LEAST FOUR HUNDRED DOLLARS PER MONTH.

36 ~~F.~~ H. A retired member or survivor of the plan who is enrolled in a
37 managed care program in a nonservice area is not eligible for the payment
38 prescribed in subsection D, ~~or~~ E, F OR G of this section if the member
39 terminates coverage under the managed care program.

40 ~~G.~~ I. A retired member or survivor of the plan may elect to purchase
41 individual health care coverage and receive a payment pursuant to this
42 section through the retired member's employer if that employer assumes the
43 administrative functions associated with the payment, including verification
44 that the payment is used to pay for health insurance coverage if the payment
45 is made to the retired member or survivor of the plan.

1 H. J. For the purposes of this section, "nonservice area" means an
2 area in this state in which the Arizona state retirement system pursuant to
3 section 38-782, the department of administration pursuant to section
4 38-651.01 or the member's or survivor's participating employer does not
5 provide or administer a health care services organization program, excluding
6 any preferred provider organization program or individual health indemnity
7 policy, for which the retired member or survivor of the plan is eligible.

8 Sec. 5. Appropriation

9 The sum of \$28,000 is appropriated from the Arizona state retirement
10 system administration account in fiscal year 2005-2006 to the Arizona state
11 retirement system for the administrative implementation of this act.

12 Sec. 6. Emergency

13 This act is an emergency measure that is necessary to preserve the
14 public peace, health or safety and is operative immediately as provided by
15 law.

APPROVED BY THE GOVERNOR MAY 20, 2005.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 20, 2005.

Passed the House March 21, 2005

Passed the Senate May 9, 2005

by the following vote: 45 Ayes,

by the following vote: 27 Ayes,

7 Nays, 8 Not Voting
With Emergency

1 Nays, 2 Not Voting

Speaker of the House

President of the Senate

Norman L. Fyore
Chief Clerk of the House

Chaimin Bellington
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

10th day of May, 2005

at 2:53 o'clock P. M.

Wendy L. Ibarra
Secretary to the Governor

Approved this 20 day of

May, 2005,

at 9:15 o'clock A. M.

G. N. ...
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 20 day of May, 2005

at 3:03 o'clock P. M.

Janice K. Brewer
Secretary of State

H.B. 2621